

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-7, SUB 986
DOCKET NO. E-2, SUB 998
DOCKET NO. E-7, SUB 986A
DOCKET NO. E-2, SUB 998A

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of)	
Application of Duke Energy Corporation)	
And Progress Energy, Inc., to Engage in a)	
Business Combination Transaction and to)	
Address Regulatory Conditions and)	ORDER APPROVING
Codes of Conduct)	REVISIONS TO
)	REGULATORY CONDITIONS
and)	NOS. 7.7 AND 7.8
)	
In the Matter of)	
Regulatory Condition Filings without)	
Advance Notice)	

BY THE COMMISSION: On January 21, 2015, Duke Energy Carolinas, LLC (DEC), and Duke Energy Progress Inc. (DEP), filed proposed amendments to Regulatory Condition Nos. 7.7 and 7.8 to conform them to certain changed circumstances. These filings were made in response to two Commission Orders: *Order Allowing Continued Participation in Money Pool Agreement* and *Order Allowing Continued Participation in Credit Facility*, both issued on December 22, 2014, in Docket Nos. E-7, Sub 986A, and E-2, Sub 998A. These Orders (1) accepted DEC and DEP's joint notice of intent to continue to participate in their Utility Money Pool Agreement (Utility MPA) and allowed them to continue to participate subject to certain conditions, and (2) granted DEC and DEP's joint motion to continue their current participation in the Duke Energy Corporation Credit Facility, subject to certain conditions. Both Orders required DEC and DEP to file a proposal to conform their approved regulatory conditions to the changed circumstances described in the Orders, and, to the extent necessary, any changes that needed to be made to the Utility MPA and the Credit Facility, within 30 days of the Commission's Order.

DEC and DEP's proposed amended regulatory conditions, shown in tracked change format, are as follows:

7.7 Money Pool Agreement. Subject to the limitations imposed in Regulatory Condition 8.4, and the conditions imposed by the Commission in its Order Allowing Continued Participation in Money Pool Agreement issued on

~~December 22, 2014, in Docket Nos. E-7, Sub 986A, and E-2, Sub 998A, DEC and PEC may borrow through Duke Energy's "Utility Money Pool Agreement" (Utility MPA), provided as follows: (a) participation in the Utility MPA is limited to the parties to the Utility MPA dated November 1, 2008, as filed with the Commission on November 17, 2008, in Docket No. E-7, Subs 795A and 810, plus PEC, PEF, Progress Energy, and PESC; and (b) the Utility MPA continues to provide that no loans through the Utility MPA will be made to, and no borrowings through the Utility MPA will be made by, Duke Energy, Progress Energy, and Cinergy Corp. If after December 31, 2011, Duke Ohio's generation assets are no longer dedicated to serving retail load in its service territory and subject to the Electric Security Plan (as approved in Case No. 08-920-EL-SSO, et al.), and Duke Ohio continues to be a participant in the Utility MPA, then DEC and PEC shall seek Commission approval within six months of such occurrence, in order to continue participation in the Utility MPA. DEC and PEC shall discontinue such participation within six months after the issuance of a Commission order denying such approval.~~

7.8 Borrowing Arrangements. Subject to the limitations imposed in Regulatory Condition 8.4, DEC and PEC may borrow short-term funds through one or more joint external debt or credit arrangements (a Credit Facility), provided that the following conditions are met:

- (a) No borrowing by DEC or PEC under a Credit Facility shall exceed one year in duration, absent Commission approval;
- (b) No Credit Facility shall include, as a borrower, any party other than Duke Energy, DEC, PEC, Duke Indiana, Duke Kentucky, PEF, and, subject to the conditions imposed by the Commission in its Order Allowing Continued Participation in Credit Facility issued on December 22, 2014, in Docket Nos. E-7, Sub 986A, and E-2, Sub 998A, subject to the limitations described in this section,Duke Ohio; and
- (c) DEC's and PEC's participation in any Credit Facility shall in no way cause either of them to guarantee, assume liability for, or provide collateral for any debt or credit other than its own; and
- ~~(d) Duke Ohio may participate in a Credit Facility to the extent the above conditions are met and its generation assets remain dedicated to serving retain load in its service territory and subject to the Electric Security Plan (as approved in Case No. 08-920-EL-SSO, et al.), or subject to traditional utility regulation.~~

~~If after December 31, 2011, Duke Ohio's generation assets are no longer dedicated to serving retail load in its service territory and subject to the Electric Security Plan (as approved in Case No. 08-920-EL-SSO, et al.), then DEC AND PEC shall be required to seek Commission approval within six months of such occurrence, in order to continue to participate in a Credit Facility in which Duke Ohio is or will be a participant. DEC and PEC shall discontinue such participation within six months after the issuance of an order by the Commission denying such approval.~~

The Public Staff presented this matter to the Commission at its regular Staff Conference on March 23, 2015, and recommended that the Commission accept DEC and DEP's proposed amendments to Regulatory Condition Nos. 7.7 and 7.8 and approve them prospectively and, in addition, change the references to PEC and PEF to reflect their name changes to DEP and DEF. The Public Staff also recommended that the Order be issued in the underlying merger dockets because it amends conditions approved in that docket.

Based upon the foregoing and the entire record in this proceeding, the Commission concludes that the Public Staff's recommendation should be accepted, and DEC and DEP's Regulatory Condition Nos. 7.7 and 7.8 should be amended as proposed to conform with changed circumstances, including the Public Staff's proposed changes to reflect DEP's and DEF's current legal names.

IT IS, THEREFORE, ORDERED as follows:

1. That effective with the date of this Order DEC and DEP's Regulatory Condition No. 7.7 is amended as follows:

7.7 Money Pool Agreement. Subject to the limitations imposed in Regulatory Condition 8.4, and the conditions imposed by the Commission in its *Order Allowing Continued Participation in Money Pool Agreement* issued on December 22, 2014, in Docket Nos. E-7, Sub 986A, and E-2, Sub 998A, DEC and DEP may borrow through Duke Energy's "Utility Money Pool Agreement" (Utility MPA), provided as follows:

- (a) participation in the Utility MPA is limited to the parties to the Utility MPA dated November 1, 2008, as filed with the Commission on November 17, 2008, in Docket No. E-7, Subs 795A and 810, plus DEP, DEF, Progress Energy, and PESC; and (b) the Utility MPA continues to provide that no loans through the Utility MPA will be made to, and no borrowings through the Utility MPA will be made by, Duke Energy, Progress Energy, and Cinergy Corp.

2. That effective with the date of this Order DEC and DEP's Regulatory Condition No. 7.8 is amended as follows:

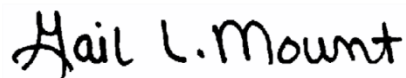
7.8 Borrowing Arrangements. Subject to the limitations imposed in Regulatory Condition 8.4, DEC and DEP may borrow short-term funds through one or more joint external debt or credit arrangements (a Credit Facility), provided that the following conditions are met:

- (a) No borrowing by DEC or DEP under a Credit Facility shall exceed one year in duration, absent Commission approval;
- (b) No Credit Facility shall include, as a borrower, any party other than Duke Energy, DEC, DEP, Duke Indiana, Duke Kentucky, DEF, and, subject to the conditions imposed by the Commission in its *Order Allowing Continued Participation in Credit Facility* issued on December 22, 2014, in Docket Nos. E-7, Sub 986A, and E-2, Sub 998A, Duke Ohio; and
- (c) DEC's and DEP's participation in any Credit Facility shall in no way cause either of them to guarantee, assume liability for, or provide collateral for any debt or credit other than its own.

ISSUED BY ORDER OF THE COMMISSION.

This the 24th day of March, 2015.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in black ink that reads "Gail L. Mount". The signature is written in a cursive, slightly stylized font.

Gail L. Mount, Chief Clerk

Chairman Edward S. Finley, Jr., did not participate in this decision.